

Q1 2013



City of Seal Beach Sales Tax *Update*

Second Quarter Receipts for First Quarter Sales (January - March 2013)

Seal Beach In Brief

Receipts for Seal Beach's January through March sales were 3.6% higher than the same quarter one year ago, but accounting anomalies skewed the data. Actual sales slipped 2.2% when aberrations were excluded.

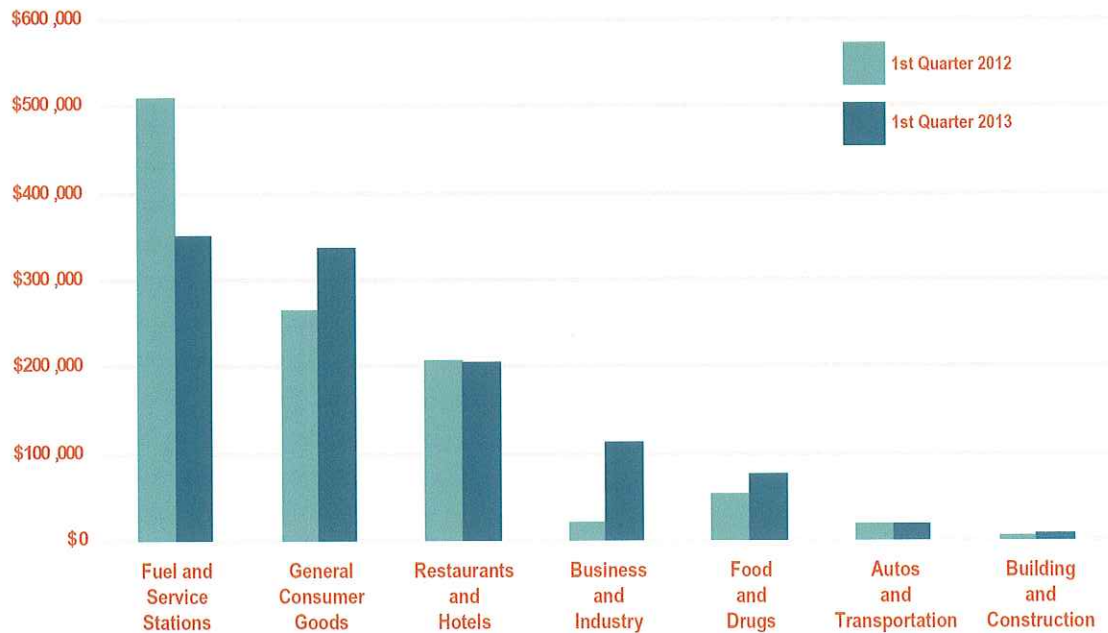
Strong year-ago postings from the fuel and service station group that were not repeated in the current period were the major factor for the decline in point-of-sale receipts. Payment anomalies exaggerated the impact of a recent business close-out on restaurants/beer and wine.

Sales increased from multiple categories of consumer goods, but group gains were overstated by last year's correction of a prior reporting error. New outlets helped specialty stores and quick service eateries.

Business and industry group totals were lifted by a onetime allocation, a retroactive adjustment and a new business. Food and drug group results were inflated by a year-ago accounting deviation. Group revenues actually grew by 5.1%.

Adjusted for reporting events, sales and use tax receipts for all of Orange County rose 6.4% over the same period; Southern California as a whole was up 6.5%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS

In Alphabetical Order

AT&T Mobility	Original Parts Group
Bacardi USA	Ralphs
Bed Bath & Beyond	Roger Dunn Golf Shop
Chevron	Seal Beach Mobil
Chevron	Spaghetini
College Park Mobil	Spartan Steel Products
Conkle 76	Staples
Cosmodyne	Target
CVS Pharmacy	Toys R Us
Energy Tubulars	Vons
Home Goods	Walt's Wharf
Kohls	
Marshalls	
Old Ranch Country Club	

REVENUE COMPARISON

Four Quarters - Fiscal Year To Date

	2011-12	2012-13
Point-of-Sale	\$4,537,931	\$4,779,312
County Pool	468,895	514,417
State Pool	1,651	2,496
Gross Receipts	\$5,008,478	\$5,296,226
Less Triple Flip*	\$(1,252,119)	\$(1,324,056)

**Reimbursed from county compensation fund*

California Overall

After adjusting for payment aberrations, statewide sales tax receipts for January through March sales were 6.5% higher than the same period in 2012.

Strong sales for apparel, department stores and big box discounters lifted general consumer goods and accounted for 23% of the statewide increase. Improvements in the housing sector pushed building and construction sales up 8.6%. Continued robust sales of new automobiles led to a 9.3% increase over the comparable quarter. Reduced consumption combined with lower gasoline prices cut fuel and service station returns in the first quarter by 2.7%.

Energy Projects Boost Business and Industry Gains

Taxes from construction of solar, wind, biomass and geothermal power projects accounted for 39% of California's business-to-business sales this quarter and produced significant windfalls for a handful of local agencies.

This temporary boost in revenues came from the federal government's goal of doubling the nation's renewable energy production in three years and from California's SB 2X which was signed in April of 2011 and calls for 33% of all retail electricity sales to be from renewable energy sources by 2020. Joint federal and state funding efforts to meet these goals have resulted in the initiation of more than a dozen utility-scale solar energy projects and over 130 renewable power plant projects in California.

Intermittent quarterly spikes in sales and use tax receipts from projects under construction or in the pipeline are expected for another two years.

Decline in Fuel Consumption Continues

According to the most recent data from the State Board of Equalization, California's gasoline usage fell 1.7% while diesel consumption eased 0.4% in the fourth quarter of 2012 from 2011 levels. This continues a decline that began in 2005 and which is almost twice the nationwide drop.

Historically, economic conditions have been the primary driver in fuel usage, however other factors are becoming increasingly prevalent. Nationally, total vehicle miles traveled have dropped eight years in a row as aging drivers travel fewer miles and the millennial generation, focused on social networking technology, is driving less than previous generations. Increased fuel efficiency is also at play with the average new car achieving 16% more miles per gallon than just five years ago and some

commercial trucking fleets shifting to natural gas.

Until recently, price increases have offset consumption declines. The price gains were partly the result of California refineries exporting their finished product to emerging economies with higher demand and also by periodic refinery and transmission interruptions in the state's limited production infrastructure.

SALES PER CAPITA



SEAL BEACH TOP 15 BUSINESS TYPES

Business Type	Seal Beach		County	HdL State
	Q1 '13*	Change	Change	Change
Department Stores	32.8	8.3%	2.0%	5.1%
Discount Dept Stores	— CONFIDENTIAL —		8.3%	5.1%
Drug Stores	23.1	6.7%	1.5%	3.0%
Drugs/Chemicals	— CONFIDENTIAL —		5.3%	3.5%
Family Apparel	28.1	11.9%	15.2%	16.3%
Grocery Stores Liquor	— CONFIDENTIAL —		36.3%	24.7%
Home Furnishings	52.2	14.4%	4.9%	4.7%
Light Industrial/Printers	20.4	321.1%	2.1%	6.8%
Petroleum Prod/Equipment	— CONFIDENTIAL —		-10.6%	-3.4%
Restaurants Beer And Wine	48.0	-14.0%	-1.1%	-1.4%
Restaurants Liquor	88.8	-1.1%	5.8%	6.5%
Restaurants No Alcohol	56.9	5.6%	5.7%	6.0%
Service Stations	105.6	-12.5%	-3.4%	-2.2%
Specialty Stores	38.9	207.4%	9.2%	2.4%
Women's Apparel	30.0	16.4%	18.2%	14.6%
Total All Accounts	\$1,107.5	2.5%	5.1%	5.7%
County & State Pool Allocation	128.4	14.7%		
Gross Receipts	\$1,235.9	3.6%		<i>*In thousands</i>